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must identify one person who is responsible for all payments due and payable under the provisions of the lease or grant. The responsible person identified is designated as the payor, and you must document acceptance of such responsibilities, as provided in 30 CFR 1218.52.

(b) All payors must submit payments and maintain auditable records in accordance with guidance we issue or any applicable regulations in subchapter A of this chapter. In addition, the lessee or grant holder must also maintain such auditable records.

§ 585.510 May BOEM reduce or waive my lease or grant payments?

(a) BOEM Director may reduce or waive the rent or operating fee or components of the operating fee, such as the fee rate or capacity factor, when the Director determines that it is necessary to encourage continued or additional activities.

(b) When requesting a reduction or waiver, you must submit an application to us that includes all of the following:

- (1) The number of the lease, ROW grant, or RUE grant involved;
- (2) Name of each lessee or grant holder of record;
- (3) Name of each operator;
- (4) A demonstration that:
 - (i) Continued activities would be uneconomic without the requested reduction or waiver, or
 - (ii) A reduction or waiver is necessary to encourage additional activities; and
- (5) Any other information required by the Director.

(c) No more than 6 years of your operations term will be subject to a full waiver of the operating fee.

30 CFR Ch. V (7–1–14 Edition)

§§ 585.511–585.514 [Reserved]

**FINANCIAL ASSURANCE REQUIREMENTS
FOR COMMERCIAL LEASES**

§ 585.515 What financial assurance must I provide when I obtain my commercial lease?

(a) Before BOEM will issue your commercial lease or approve an assignment of an existing commercial lease, you (or, for an assignment, the proposed assignee) must guarantee compliance with all terms and conditions of the lease by providing either:

(1) A \$100,000 minimum, lease-specific bond; or

(2) Another approved financial assurance instrument guaranteeing performance up to \$100,000, as specified in §§ 585.526 through 585.529.

(b) You meet the financial assurance requirements under this subpart if your designated lease operator provides a \$100,000 minimum, lease-specific bond or other approved financial assurance that guarantees compliance with all terms and conditions of the lease.

(1) The dollar amount of the minimum, lease-specific financial assurance in paragraphs (a)(1) and (b) of this section will be adjusted to reflect changes in the Consumer Price Index–All Urban Consumers (CPI–U) or a substantially equivalent index if the CPI–U is discontinued; and

(2) The first CPI–U-based adjustment can be made no earlier than the 5-year anniversary of the adoption of this rule. Subsequent CPI–U-based adjustments may be made every 5 years thereafter.

§ 585.516 What are the financial assurance requirements for each stage of my commercial lease?

(a) The basic financial assurance requirements for each stage of your commercial lease are as follows:

Before BOEM will . . .	You must provide . . .
(1) Issue a commercial lease or approve an assignment of an existing commercial lease.	A \$100,000 minimum, lease-specific financial assurance.
(2) Approve your SAP	A supplemental bond or other financial assurance, in an amount determined by BOEM, if upon reviewing your SAP, BOEM determines that a supplemental bond is required in addition to your minimum lease-specific bond, due to the complexity, number, and location of any facilities involved in your site assessment activities.

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Before BOEM will . . .	You must provide . . .
(3) Approve your COP	A supplemental bond or other financial assurance, in an amount determined by BOEM based on the complexity, number, and location of all facilities involved in your planned activities and commercial operation. The supplemental financial assurance requirement is in addition to your lease-specific bond and, if applicable, the previous supplement associated with SAP approval.
(4) Allow you to install facilities approved in your COP	A decommissioning bond or other financial assurance, in an amount determined by BOEM based on anticipated decommissioning costs. BOEM will allow you to provide your financial assurance for decommissioning in accordance with the number of facilities installed or being installed. BOEM must approve the schedule for providing the appropriate financial assurance coverage.

(b) Each bond or other financial assurance must guarantee compliance with all terms and conditions of the lease. You may provide a new bond or increase the amount of your existing bond, to satisfy any additional financial assurance requirements.

(c) For hydrokinetic commercial leases, supplemental financial assurance may be required in an amount determined by BOEM before FERC issues a license.

§ 585.517 How will BOEM determine the amounts of the supplemental and decommissioning financial assurance requirements associated with commercial leases?

(a) BOEM will base the determination for the amounts of the SAP, COP, and decommissioning financial assurance requirements on estimates of the cost to meet all accrued lease obligations.

(b) We determine the amount of the supplemental and decommissioning financial assurance requirements on a case-by-case basis. The amount of the financial assurance must be no less than the amount required to meet all lease obligations, including:

- (1) The projected amount of rent and other payments due the Government over the next 12 months;
- (2) Any past due rent and other payments;
- (3) Other monetary obligations; and
- (4) The estimated cost of facility decommissioning, as required by subpart I of this part.

(c) If your cumulative potential obligations and liabilities increase or decrease, we may adjust the amount of

supplemental or the decommissioning financial assurance.

(1) If we propose adjusting your financial assurance amount, we will notify you of the proposed adjustment and give you an opportunity to comment; and

(2) We may approve a reduced financial assurance amount if you request it and if the reduced amount that you request continues to be greater than the sum of:

- (i) The projected amount of rent and other payments due the Government over the next 12 months;
- (ii) Any past due rent and other payments;
- (iii) Other monetary obligations; and
- (iv) The estimated cost of facility decommissioning.

§§ 585.518–585.519 [Reserved]

FINANCIAL ASSURANCE FOR LIMITED LEASES, ROW GRANTS, AND RUE GRANTS

§ 585.520 What financial assurance must I provide when I obtain my limited lease, ROW grant, or RUE grant?

(a) Before BOEM will issue your limited lease, ROW grant, or RUE grant, you or a proposed assignee must guarantee compliance with all terms and conditions of the lease or grant by providing either:

- (1) A \$300,000 minimum, lease- or grant-specific bond; or
- (2) Another approved financial assurance instrument of such minimum level as specified in §§ 585.526 through 585.529.

(b) You meet the financial assurance requirements under this subpart if